

Individual State Agency Fiscal Note

Bill Number: 5904 SB	Title: Boarding homes	Agency: 300-Dept of Social and Health Services
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2008	FY 2009	2007-09	2009-11	2011-13
General Fund-Federal 001-2	15,810,000	18,801,000	34,611,000	37,602,000	37,602,000
Total \$	15,810,000	18,801,000	34,611,000	37,602,000	37,602,000

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
Fund					
General Fund-State 001-1	15,086,000	17,692,000	32,778,000	35,384,000	35,384,000
General Fund-Federal 001-2	15,810,000	18,801,000	34,611,000	37,602,000	37,602,000
Total \$	30,896,000	36,493,000	67,389,000	72,986,000	72,986,000

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/06/2007
Agency Preparation: Melissa Clarey	Phone: 360-902-7831	Date: 02/12/2007
Agency Approval: Sue Breen	Phone: 360-902-8183	Date: 02/14/2007
OFM Review: Eric Mandt	Phone: 360-902-0543	Date: 02/14/2007

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill proposes changes to payments for Medicaid contracted services in boarding homes.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Title XIX

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The bill would make the following changes to payments for Medicaid contracted services in boarding homes.

Section 1 adds a new section to RCW 18.20.

Effective July 1, 2007, the rates for boarding home Medicaid contracted services shall be established using the home and community rates model established by the department. The payment rates shall be adjusted for acuity classification groups and geographic areas. For the July 1, 2007 rates, the adjustment for the economic trends and conditions factor is the lower of the calculated percentage change of the actual index from the quarter ending June 30, 2005, compared to the forecasted index for the quarter ending June 30, 2007, or six percent. The department used six percent to calculate the FY08 fiscal impact.

Beginning July 1, 2009, rates established on each subsequent July 1st occurring in odd-numbered years, the June 30th rate in each year shall be adjusted by a factor determined by the percentage change Consumer Price Index (CPI) for all urban consumers. The rate period for July 2009, the adjustment factor is the calculated percentage change of the actual index from the quarter ending June 30, 2007, compared to the actual index for the quarter ending June 30, 2008.

The bill requires the department to use an index value that has not yet been created. This information will not be available during the budget setting cycle for the second year of any future biennium. Therefore, to calculate the CPI portion of the bill, the department used a three year average of 2.97 percent.

This fiscal note only includes the fiscal impact for providing the rate increase to boarding homes. Boarding homes and adult family homes serve the same clients. Typically, when a rate increase is given to boarding homes, adult family homes also receive the same increase. If this increase isn't granted to adult family homes this may result in access problems to this level of service. The fiscal impact for adult family homes in FY08 is \$26,983,457 total funds, \$13,176,022 General Fund-State (GF-S), and \$31,936,146 total funds, \$15,482,644 GF-S in FY09.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	30,896,000	36,493,000	67,389,000	72,986,000	72,986,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$30,896,000	\$36,493,000	\$67,389,000	\$72,986,000	\$72,986,000

III. C - Expenditures By Program (optional)

Program	FY 2008	FY 2009	2007-09	2009-11	2011-13
Developmental Disabilities (040)	1,426,000	1,584,000	3,010,000	3,168,000	3,168,000
Long Term Care (050)	29,470,000	34,909,000	64,379,000	69,818,000	69,818,000
Total \$	30,896,000	36,493,000	67,389,000	72,986,000	72,986,000

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

HC Model Rates Adjustment																
100.20%																
VRI																
6.00%																
0.5117 0.4883 VRI 2.97% 0.5152 0.4848																
HC Model Rate																
LTC																
AL																
ARC/EARC																
LTC Total																
DD																
ARC/EARC																
Total LTC and DD HC Model Cost																
AL																
ARC/EARC																
Total LTC and DD Cost																

07/01/06 Rate Cost																
VRI																
0.00%																
VRI																
0.00%																
LTC																
AL																
ARC/EARC																
LTC Total																
DD																
ARC/EARC																
07/01/06 Rates LTC and DD Total Cost																
AL																
ARC/EARC																
LTC and DD Total																

Increase HC Model Cost Vs. 07/01/06 Cost Level

LTC																
AL																
ARC/EARC																
LTC Total																
DD																
ARC/EARC																
Total LTC and DD Increase																

Compare with WAHSA Proposed	A	B	C	D (A - B)	E (B - C)	F (A - C)	G	H	I
	WAHSA Proposed FY08 - FY09 LTC Biennium	HC Model FY08 - FY09 LTC Biennium	Current Rates FY08 - FY09 LTC Biennium	Difference FY08 - FY09 LTC Biennium	Difference FY08 - FY09 LTC Biennium	Difference FY08 - FY09 LTC Biennium	D X 48.6598% FY08 - FY09 State Inc Cost	E X 48.6598% FY08 - FY09 State Inc Cost	F X 48.6598% FY08 - FY09 State Inc Cost
LTC	\$278,293,131	\$278,071,889	\$238,947,579	\$221,242	\$39,124,311	\$39,345,553	\$107,656	\$19,037,811	\$19,145,467
AL	\$99,207,919	\$99,118,169	\$73,945,292	\$89,750	\$25,172,878	\$25,262,627	\$43,672	\$12,249,072	\$12,292,744
ARC/EARC	\$377,501,050	\$377,190,058	\$312,892,870	\$310,992	\$64,297,188	\$64,608,180	\$151,329	\$31,286,883	\$31,438,211
Total									

	Model Rate	07/01/06 Rate	Total Increase	FY08		FY09		07/09	
				GF-F	GF-S	GF-F	GF-S	GF-F	GF-S
LTC AL/ARC/EARC	\$377,699,196	\$313,321,490	\$64,377,706	\$15,080,000	\$14,390,000	\$17,985,000	\$16,924,000	\$33,065,000	\$31,314,000
DD ARC/EARC Cost	\$11,055,467	\$8,046,453	\$3,009,014	\$730,000	\$696,000	\$816,000	\$768,000	\$1,546,000	\$1,464,000
Total Impact	\$388,754,664	\$321,367,944	\$67,386,720	\$15,810,000	\$15,086,000	\$18,801,000	\$17,692,000	\$34,611,000	\$32,778,000
Total 07/09 BI									\$67,389,000

Note: Wages Data per Department of Employment Security 2005 wages survey data

Administration and Operation Expenses per 2005 nursing home cost report selected account 25 PCT adjusted cost
Payroll Tax and Fringe benefits per 2005 nursing home cost report 25 PCT cost.

Per Marshall Valuation Service
Assisted Living August 2004 (section 12 page 16) Calculator Method D, Good, Cost / Sq. Ft.
Adult Resident Care November 2004 section 11 page23 calculator Method D, Average, Cost/Sq. Ft.
Adult Family Home August 2004 Section 12 Page 20 Class D, Average, Sq. Ft.
April 2006 Washington State Local Multipliers index
April 2006 Current Cost Multipliers Index
Federal Reserve Board: Selected Long-Term Rates
10 years Composite Treasury Bond rate May 23 2006

HC Model Rates Adjustment 100.20%										VRI 6.00%		0.5117		0.4883		VRI 2.97%		0.5152		0.4848		02/06/07
HC Model Rate																						
HC	HC Model Weight Rate	Current Residents	HC Model Per Day	HC Model Per Year	FY08 Weight Rate	FY08 Residents	FY08 Per Day	FY08 Per Year	FY08 Fed Share	FY08 State Share	FY09 Weight Rate	FY09 Residents	FY09 Per Day	FY09 Per Year	FY09 Fed Share	FY09 State Share	07/09 Total					
AL	\$71.18	4,975	\$354,100	\$129,246,672	\$75.45	4,975	\$375,347	\$137,376,819	\$70,295,718	\$67,081,101	\$77.69	4,975	\$386,494	\$141,070,416	\$72,679,479	\$68,390,938	\$278,447,236					
ARC/EARC	\$69.89	1,806	\$126,218	\$46,069,718	\$74.08	1,806	\$133,792	\$48,967,693	\$25,056,768	\$23,910,924	\$76.28	1,806	\$137,765	\$50,284,268	\$25,906,455	\$24,377,813	\$99,251,961					
AFH	\$77.83	4,061	\$316,084	\$115,370,580	\$82.50	4,061	\$335,049	\$122,627,863	\$62,748,678	\$59,879,186	\$84.95	4,061	\$345,000	\$125,924,911	\$64,876,514	\$61,048,397	\$248,552,775					
HC Total	\$73.46	10,842	\$796,403	\$290,686,970	\$77.86	10,842	\$844,187	\$308,972,375	\$158,101,164	\$150,871,211	\$80.18	10,842	\$869,259	\$317,279,596	\$163,462,448	\$153,817,148	\$ 626,251,971					
DD																						
ARC/EARC	\$66.95	210	\$14,059	\$5,131,609	\$70.97	210	\$14,903	\$5,454,408	\$2,791,021	\$2,663,388	\$73.07	210	\$15,345	\$5,601,059	\$2,885,666	\$2,715,393	\$11,055,467					
AFH	\$74.72	1,624	\$121,341	\$44,289,350	\$79.20	1,624	\$128,621	\$47,075,332	\$24,088,447	\$22,986,885	\$81.55	1,624	\$132,441	\$48,341,028	\$24,905,298	\$23,435,730	\$95,416,360					
DD Total	\$73.83	1,834	\$135,400	\$49,420,959	\$78.26	1,834	\$143,524	\$52,529,740	\$26,879,468	\$25,650,272	\$80.58	1,834	\$147,787	\$53,942,087	\$27,790,963	\$26,151,124	\$106,471,827					
Total HC and DD HC Model Cost																						
AL	\$71.18	4,975	\$354,100	\$129,246,672	\$75.45	4,975	\$375,347	\$137,376,819	\$70,295,718	\$67,081,101	\$77.69	4,975	\$386,494	\$141,070,416	\$72,679,479	\$68,390,938	\$278,447,236					
ARC/EARC	\$69.58	2,016	\$140,278	\$51,201,327	\$73.76	2,016	\$148,694	\$54,422,101	\$27,847,789	\$26,574,312	\$75.95	2,016	\$153,110	\$55,885,327	\$28,792,120	\$27,093,206	\$110,307,428					
AFH	\$76.94	5,685	\$437,424	\$159,659,930	\$81.56	5,685	\$463,670	\$169,703,195	\$86,837,125	\$82,866,070	\$83.98	5,685	\$477,441	\$174,265,939	\$89,781,812	\$84,484,127	\$343,969,135					
Total HC and DD Cost	\$73.51	12,676	\$931,803	\$340,107,929	\$77.92	12,676	\$987,711	\$361,502,116	\$184,980,633	\$176,521,483	\$80.23	12,676	\$1,017,046	\$371,221,683	\$191,253,411	\$179,968,272	\$732,723,798					

07/01/06 Rate Cost																		VRI 0		VRI 0.00%							
	Current Weight Rate	Current Residents	Current Per Day	Current Per Year	FY08 Weight Rate	FY08 Residents	FY08 Per Day	FY08 Per Year	FY08 Fed Share	FY08 State Share	FY09 Weight Rate	FY09 Residents	FY09 Per Day	FY09 Per Year	FY08 Fed Share	FY08 State Share	07/09 Total										
HC																											
AL	\$65.79	4,975	\$327,325	\$119,473,789	\$65.79	4,975	\$327,325	\$119,801,115	\$61,302,230	\$58,498,884	\$65.79	4,975	\$327,325	\$119,473,789	\$61,552,896	\$57,920,893	\$239,274,904										
ARC/EARC	\$56.09	1,806	\$101,295	\$36,972,646	\$56.09	1,806	\$101,295	\$37,073,941	\$18,970,735	\$18,103,205	\$56.09	1,806	\$101,295	\$36,972,646	\$19,048,307	\$17,924,339	\$74,046,587										
AFH	\$70.27	4,061	\$285,369	\$104,159,535	\$70.27	4,061	\$285,369	\$104,444,904	\$53,444,457	\$51,000,447	\$70.27	4,061	\$285,369	\$104,159,535	\$53,662,993	\$50,496,543	\$208,604,439										
HC Total	\$65.85	10,842	\$713,989	\$260,605,970	\$65.85	10,842	\$713,989	\$261,319,959	\$133,717,423	\$127,602,536	\$65.85	10,842	\$713,989	\$260,605,970	\$134,264,196	\$126,341,774	\$521,925,930										
DD																											
ARC/EARC	\$52.42	210	\$11,007	\$4,017,723	\$52.42	210	\$11,007	\$4,028,730	\$2,061,501	\$1,967,229	\$52.42	210	\$11,007	\$4,017,723	\$2,069,931	\$1,947,792	\$8,046,453										
AFH	\$64.39	1,624	\$104,576	\$38,170,258	\$64.39	1,624	\$104,576	\$38,274,834	\$19,585,233	\$18,689,602	\$64.39	1,624	\$104,576	\$38,170,258	\$19,665,317	\$18,504,941	\$76,445,093										
DD Total	\$63.02	1,834	\$115,584	\$42,187,981	\$63.02	1,834	\$115,584	\$42,303,565	\$21,646,734	\$20,656,831	\$63.02	1,834	\$115,584	\$42,187,981	\$21,735,248	\$20,452,733	\$84,491,546										
07/01/06 Rates HC and DD Total Cost																											
AL	\$65.79	4,975	\$327,325	\$119,473,789	\$65.79	4,975	\$327,325	\$119,801,115	\$61,302,230	\$58,498,884	\$65.79	4,975	\$327,325	\$119,473,789	\$61,552,896	\$57,920,893	\$239,274,904										
ARC/EARC	\$55.71	2,016	\$112,302	\$40,990,369	\$55.71	2,016	\$112,302	\$41,102,671	\$21,032,237	\$20,070,434	\$55.71	2,016	\$112,302	\$40,990,369	\$21,118,238	\$19,872,131	\$82,093,040										
AFH	\$68.59	5,685	\$389,945	\$142,329,794	\$68.59	5,685	\$389,945	\$142,719,738	\$73,029,690	\$69,690,048	\$68.59	5,685	\$389,945	\$142,329,794	\$73,328,310	\$69,001,484	\$285,049,532										
HC and DD Total	\$65.44	12,676	\$829,572	\$302,793,952	\$65.44	12,676	\$829,572	\$302,793,952	\$155,364,157	\$148,259,367	\$65.44	12,676	\$829,572	\$302,793,952	\$155,999,444	\$146,794,508	\$606,417,476										

Increase HC Model Cost Vs. 07/01/06 Cost Level

AL	\$5.38	0	\$26,775	\$9,772,883	\$9.65	0	\$48,021	\$17,575,705	\$8,993,488	\$8,582,217	\$11.89	0	\$59,169	\$21,596,627	\$11,126,582	\$10,470,045	\$39,172,332
ARC/EARC	\$13.80	0	\$24,923	\$9,097,072	\$17.99	0	\$32,497	\$11,893,752	\$6,086,033	\$5,807,719	\$20.19	0	\$36,470	\$13,311,622	\$6,858,148	\$6,453,474	\$25,205,374
AFH	\$7.56	0	\$30,715	\$11,211,045	\$12.23	0	\$49,680	\$18,182,960	\$9,304,220	\$8,878,739	\$14.68	0	\$59,631	\$21,765,376	\$11,213,522	\$10,551,854	\$39,948,335
HC Total		0	\$82,414	\$30,081,000		0		\$47,652,416	\$24,383,741	\$23,268,675		0	\$155,270	\$56,673,625	\$29,198,252	\$27,475,374	\$104,326,041
DD																	
ARC/EARC	\$14.53	0	\$3,052	\$1,113,886	\$26.78	0	\$3,895	\$1,425,678	\$729,519	\$696,159	\$29.14	0	\$4,338	\$1,583,336	\$815,735	\$767,601	\$3,009,014
AFH	\$10.32	0	\$16,765	\$6,119,092	\$13.86	0	\$24,045	\$8,800,498	\$4,503,215	\$4,297,283	\$16.19	0	\$27,865	\$10,170,770	\$5,239,981	\$4,930,789	\$18,971,268
DD Total		0		\$7,232,978		0		\$10,226,176	\$5,232,734	\$4,993,442		0		\$11,754,106	\$6,055,715	\$5,698,391	\$21,980,281
Total HC and DD Increase		0		\$37,313,978	\$40.67	0	\$158,138	\$57,878,592	\$29,616,475	\$28,262,116	\$40.67	0	\$158,138	\$68,427,731	\$35,253,967	\$33,173,764	\$126,306,323